

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF KENTUCKY FRONTIER GAS, LLC D/B/A) CASE NO. 2012-00078
COW CREEK GAS, INC.)

ORDER

On June 8, 2006, in Case No. 2006-00171,¹ the Commission approved rates for Cow Creek Gas, Inc. ("Cow Creek") and provided for their further adjustment in accordance with Cow Creek's Gas Cost Adjustment ("GCA") clause. On January 11, 2008, Cow Creek acquired the assets of the former Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd and Magoffin counties.² On May 10, 2010, Kentucky Frontier Gas, LLC acquired the stock of Cow Creek pursuant to the Commission's approval of the transfer and adopted Cow Creek's tariffs.³

¹ Case No. 2006-00171, Application of Cow Creek Gas, Inc. for Authority to Adjust Its Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Jun. 8, 2006).

² Case No. 2007-00419, Application of DLR Enterprises, Inc. and Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation (Ky. PSC Nov. 21, 2007).

³ Case No. 2010-00076, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of Stock of Cow Creek Gas, Inc., Dema Gas Company, Inc., Purchase of Farm Tap and Royalty Gas Customers of Interstate Natural Gas Company and Transfer of a Portion of DLR Enterprises, Inc. Pipeline to Cow Creek Gas, Inc. (Ky. PSC May 7, 2010).

On March 2, 2012, Cow Creek filed its proposed GCA effective April 1, 2012.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Cow Creek's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of \$4.1123 per Mcf. Cow Creek did not include all its gas cost in its Total Expected Gas Cost calculation. Correcting this produces an EGC of \$4.9844 per Mcf, which represents an increase of \$.8647 per Mcf from the previous EGC of \$4.1197 per Mcf.

3. Cow Creek's notice sets out no current quarter Refund Adjustment ("RA"). Cow Creek's notice sets out no total RA, which is no change from the previous total RA.

4. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of (\$.1387) per Mcf. Cow Creek's total AA is (\$2.1491) per Mcf, which is a decrease of \$.1699 per Mcf from the previous total AA of (\$1.9792) per Mcf.

5. Cow Creek's GCA is \$2.8353 per Mcf, which is an increase of \$.6948 per Mcf from the previous GCA of \$2.1405 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Cow Creek on and after April 1, 2012.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Cow Creek are denied.
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after April 1, 2012.

3. Within 20 days of the date of this Order, Cow Creek shall file revised tariffs with this Commission for its Sigma customers setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED PA
MAR 27 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00078 DATED ~~MAR 27 2012~~

The following rates and charges are prescribed for the customers in the area formerly served by Sigma Gas Corporation and now served under the name Cow Creek Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE SCHEDULES

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$ 6.2500	\$2.8353	\$9.0853
Over 1 Mcf	\$ 4.5522	\$2.8353	\$7.3875
Minimum Bill	\$9.0853		

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